

Idaho Public Utilities Commission

Case No. IPC-E-13-14, Order No. 32923

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Settlement ensures ongoing demand response programs

The Idaho Public Utilities Commission is accepting a settlement that ensures continuity of Idaho Power "demand response" programs designed to reduce electric demand during summertime peak-use periods.

Earlier this year, Idaho Power Co. filed an application with the commission to temporarily suspend its "A/C Cool Credit" and "Irrigation Peak Rewards." The utility said the programs cost the utility and, hence, its customers more to operate than the value of the energy saved. The downturn in the economy reduced demand on Idaho Power's generation system, the company claimed, and its own forecasting did not show a peak-hour capacity deficit until 2016.

"A/C Cool Credit" paid residential customers \$7 per month each of three summer months for allowing the utility to remotely cycle their air conditioning units.

"Irrigation Peak Rewards," paid farmers to curtail irrigation during peak periods. A third program, "Flex Peak," offers incentives to large commercial and industrial customers to create customized efficiency programs.

The settlement, reached by Idaho Power, commission staff, the Idaho Irrigation Pumpers Association, Idaho Conservation League, Snake River Alliance and EnerNOC, Inc. , keeps costs lower by slightly reducing both the duration of the programs and the amount of credit paid customers who volunteer to participate. The settlement makes the demand reduction more valuable by eliminating, in most cases, the requirement on the utility to notify participating customers in advance of interruption. (With advance notice, if the peak-use does not eventuate as forecasted, the value of the energy saved is lost.)

The commission commended the parties who reached the settlement after five public workshops. The settlement allows the utility to leverage the investment it made when the programs started – enrolling customers, installing load-control devices, etc. – while operating them in a more cost-efficient manner, reducing costs to all customers.

Keeping the programs viable means they can be ramped up when needed, the commission said. "We believe it is important for the company to continue its demand response (DR) programs to ensure it has sufficient, reliable DR resources to meet expected deficits," the commission said. "Circumstances such as increased demand related to business relocation and expansion, coupled with increased residential construction can occur quickly" the commission said.

The parties agreed that the value to both the company and its customers of all the programs combined would be about \$16.7 million annually. During 2012, Idaho Power spent \$5.5 million on the A/C Cool Credit program and \$12.3 million on

Irrigation Peak Rewards. Much of that expense was in direct payments to customers. During 2012, these two programs and FlexPeak provided about 367 MW of peak reduction.

The settlement says demand response should be used not only during peak-use periods, but also to delay construction of new peaking capacity, avoid transmission line losses and provide improved reliability during emergencies.

Some of the program specifics include:

- **A/C Cool Credit** will be available on weekdays from June 15 to August 15. Participating customers will receive a \$15 bill credit over three billing periods. Idaho Power will not actively market the program, but will recruit customers who move into a home where a load-control device has been installed because the previous owner agreed to participate. The company will accept new participants upon request.
- **Irrigation Peak Rewards** will be available also from June 15 to August 15 on Mondays through Saturdays from 9 a.m. to 5 p.m. Participants will receive a fixed incentive of \$15 per kW per season. If more than three interruptions occur, participants get a variable incentive. Participating irrigators will choose from one of three interruption options, two of which will not require advance notice of interruption. Interruptions can last up to four hours, but no more than 15 hours per week or 60 hours per irrigation season.
- **Flex Peak Management** would be available to commercial and industrial customers from June 15 to August 15 from 2 to 8 p.m. on weekdays. Participants get a fixed incentive for up to three interruptions and a variable incentive if more interruptions occur. Interruptions may last up to four hours, but no more than 60 hours per summer.

The Industrial Customers of Idaho Power participated in the discussions, but did not sign the settlement agreement.

A full text of the commission's order, the settlement and other documents, is available on the commission's Web site at www.puc.idaho.gov Click on "Open Cases" under the "Electric" heading and scroll down to Case Number IPC-E-13-14.